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15 December 1982

NUCLEAR PROLIFERATION

The Intelligence Community continued to devote substantial collection and analytical resources to the potential for the spread to additional countries of nuclear weapons and weapons-related technologies and materials. The Community also continued to further the pursuit of a multidisciplinary analytical approach in assessing the diverse topics comprising proliferation intelligence. This approach was evident in the publication during the year of a national intelligence estimate on global trends in nuclear proliferation, an update of the estimate of Pakistan's intentions in nuclear weapons development, and a special estimate on Argentina's nuclear security policies in the aftermath of the Falklands war.

MEMORANDUM FOR:

We have again been asked to take on another of our end-of-the-year chores: contributing to the DCI's written Annual Report to the Congress.

By COB Friday 10 December, please provide me with two or three paragraphs of prose on key intelligence activities/developments in your area (from the DCI's viewpoint, if possible). I will assemble the NIC contribution to the full report, which is produced by the IC Staff.

Attached for your reference are a copy of last year's NIC contribution and a suggested outline (preliminary and not binding on you) of possible topics to be considered in this year's NIC package.

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- Intelligence Support for Policy Formulation
NFIB and Estimates Procedures

The role of the National Intelligence Council and the procedures for having the National Foreign Intelligence Board and its members make their inputs to national intelligence estimates were revised during the year. The NIC, as the Community's organization responsible for producing these estimates, was moved directly under the authority of the DCI and DDCI in June. New guidelines for the production of interagency intelligence assessments were discussed at NFIB and implemented in July. The effects of these changes were:

- To reemphasize the priority of National Intelligence Estimates (NIEs) and Special National Intelligence Estimates (SNIEs) as the most important products of the Intelligence Community;
- To produce NIEs and SNIEs better suited than formerly for high-level policymakers' examination and consideration;
- To assist senior policymakers by producing interagency assessments which are less bulky -- and to do so quicker;
- To improve the substantive usefulness of such assessments in the policy process;
- To enhance senior review of estimates within the Community by engaging the DCI and the other NFIB principals more fully in arriving at the judgments set out in these assessments.

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To accomplish these ends, the purposes of the various types of estimative papers were redefined and procedures to produce them were overhauled. In particular, the issuance of SNIEs, oriented to specific current events or

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policy issues, was given greater emphasis and "fast-track" procedures were instituted to produce them more expeditiously. It was agreed that in order to make the NIEs more useable, longer ones would be produced in two or more complementary volumes, with a brief first volume containing principal judgments and a longer backup volume or two containing supporting facts and analyses.

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Global Crisis Areas, 1981

POLAND

The Community devoted constant attention throughout the year to the evolving and volatile Polish situation, with its profound implications for Soviet control of Eastern Europe and East-West relations. Moments of particularly high tension in Poland were closely monitored through the Warning process and at special Community analysts' meetings. An Alert Memorandum was issued on 2 April. The Community also provided policymakers with continuing support on the issue of economic assistance to Poland, and interagency assessments were prepared on mid-term prospects for the country and on the implications both of further liberalization and of a Soviet invasion.

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USSR MILITARY

Because of US strategic force modernization initiatives and the prospect of arms control negotiations on both strategic and theater nuclear forces, the Community focused sharply during the year on intelligence judgments concerning Soviet strategic forces. Some key areas that we focused on in this regard included:

- Soviet air defense capabilities;
- Ballistic missile defense modernization and R&D programs;

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- Mobile ballistic missile developments, including the status of the SS-20 IRBM deployment and forthcoming mobile ICBMs;
- Prospects for Soviet achievements in military-related technology; and
- Soviet nuclear warfighting planning and capabilities, particularly concerning force reconstitution and protracted warfare. [REDACTED]

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At the same time the Community mounted a considerable effort in 1981 to assess the growth in size and capabilities of the USSR's impressive general purpose forces. Major national estimates were published on Soviet military capabilities opposite NATO and in the Far East. A great deal of work was also devoted to the Soviets' ambitious weapons modernization program and its serious implications for NATO's ground, air, and naval force developments. [REDACTED]

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NUCLEAR PROLIFERATION

The Intelligence Community continued to devote substantial collection and analytical resources to the potential for the spread to additional countries of nuclear weapons and weapons-related technologies and materials. Its responsibilities in this area were codified in a National Decision Directive of 16 July 1981, in which the President committed the US to a strong intelligence collection and assessment capability as an integral part of US non-proliferation policy. The Community also continued to further the pursuit of a multidisciplinary analytical approach in assessing the diverse topics comprising proliferation intelligence. This approach was evident in the publication during the year of SNIEs concerning Israeli reactions to Iraqi nuclear developments; Indian reactions to nuclear developments in Pakistan; and Pakistan's nuclear weapons program over the next three years. Interagency

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Intelligence Memoranda were also completed on foreign reactions to US non-proliferation policy and on Israel's nuclear security policies. [REDACTED]

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NEAR EAST-SOUTH ASIA

The internal upheaval that remains unabated in Iran, the continuing Iran-Iraq war and its impact on the world's oil markets, and the impact of changing relationships among moderate and radical Arabs demanded the continued heavy involvement of the Community's political, economic, and military analysts. Major national estimates on Iran were published in March and August. [REDACTED]

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In the case of the proposed US sale to Saudi Arabia of the AWACS and the enhancement package for the F-15 aircraft contracted for in 1978, the Intelligence Community was called upon to provide comprehensive evaluations of the inherent stability of the Saudi regime; the impact of the sale on the Arab-Israeli military balance; and the danger of compromise of sensitive technological information included in the AWACS/F-15/AIM-9L missile package. In addition to producing written assessments on these issues, Community officers provided detailed briefings on them to members of Congress, Congressional committees, sub-committees, and staff members. [REDACTED]

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The continuing turmoil in Lebanon was closely monitored throughout the year, with no diminution likely in the need to follow the actions of all the involved parties. An Alert Memorandum in July pointed to indicators that Israel would launch a large-scale ground assault into Lebanon, a scenario that might have become a reality were it not for the diplomatic efforts of Ambassador Habib. [REDACTED]

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The region continues to abound, of course, with situations that will keep the Community heavily engaged in collection and analytical efforts. The unstable situation in North Yemen -- subject of a Community estimate in July --

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poses a long-range danger to Saudi stability and thus bears close watching. In northwestern Africa, the situations in Morocco and Algeria -- the latter the subject of a Community estimate in May -- are of increasing policy interest in light of the Polisario conflict and will be the subject of continuing Community coverage. [REDACTED]

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INTERNATIONAL INSTABILITIES

The Intelligence Community gave considerable support to policymakers' interests in effectively combatting various types of instabilities in the world. This support concerned these questions in particular:

- International terrorism, and especially the Soviet role therein;
- Soviet, Cuban, and other pro-Soviet intervention in and aggravation of revolutionary situations in Central America and of trouble-spots in Africa, the Arabian peninsula, and the Persian Gulf;
- Libyan intervention in Africa and support of terrorism world-wide; and
- Those regional disputes and local instabilities, in areas of high geopolitical interest to the US, most likely to worsen and confront the US with major new problems. [REDACTED]

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WESTERN EUROPE

Many of the substantive intelligence issues on Western Europe that pre-occupied the community during 1981 highlighted existing or potential strains in the fabric of the Atlantic Alliance. We have been heavily involved in assessing national reactions to the stationing of Intermediate-range Nuclear forces in Europe, the burgeoning "peace" movement, and the roles of the USSR

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and various Community Parties in supporting anti-nuclear attitudes. The implications for the Alliance and for US foreign policy generally of the socialist electoral victories in France and Greece have also been -- and will continue to be -- the subject of considerable study and intelligence production. The Communist expects to focus attention on the possibilities for increased radicalism in both countries as their governments come to grips with potentially serious domestic economic situations. The internal situation in Spain was also a priority topic for the Community, and we remain alert to the danger of coup attempts against the monarchy or the still-new democratic government there. [REDACTED]

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CENTRAL AMERICA

Threats posed to the countries of Central America by the growing power of the revolutionary left in the area and by its international support networks were the principal focus of Intelligence Community effort on Latin America in 1981. Specific collection and analytical tasks concerned:

- The purposes, capabilities, and tactics of the various extreme leftist groups in El Salvador, Guatemala, Honduras, and, recently, Costa Rica;
- The methods used by Cuba, other Soviet surrogates, and Nicaragua in providing support to insurgent groups;
- The buildup of military, secret police, and other new coercive institutions in Nicaragua; and
- The activities and attitudes of international supporters of the far leftist forces in Central America (Mexico, France, and many social democratic parties) and those backing moderate elements (Venezuela, other Latin democracies, Christian Democrats, and independent labor groups). [REDACTED]

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17 November 1982

Tentative Outline for NIC Contribution to DCI Annual Report to Congress

I. Estimative improvements in 1982 (use DCI's 21 October address)

- A. Greater volume
- B. Improved timeliness and speed of production
- C. More relevance to policymakers' needs

II. Significant World developments and crises in 1982

- A. Soviet challenge to US (INF; peace movements; space; impact of Soviet succession, etc.)
- B. Lebanon (Israeli invasion & PLO ouster; massacre of Palestinians; effects on Egypt-Israel and Egypt-US, etc.)
- C. Southwest Asia (Iran-Iraq war; Afghanistan insurgency; 'yellow rain')
- D. Falklands war and aftermath
- E. International financial problems (Mexico; E. Europe; OPEC; LDCs)
- F. Central America (Salvadoran elections & insurgency; Nicaragua's continued drift leftward; stability threats in Honduras, Guatemala)
- G. Atlantic Alliance issues (pipeline, E-W trade, technology transfer, INF)
- H. Poland (martial law regime; relations with USSR)
- I. Japan (economic tensions with US; impact of Suzuki resignation)
- J. Pakistani nuclear weapons program
- K. China's relations with US and USSR (Taiwan issue; thaw with Moscow?)
- L. (Others??)

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